

## **Bush official: More housing help needed**

### **White House urges Congress to take action on affordable housing**

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WASHINGTON - More steps by Congress and the Bush administration are likely needed to stabilize the imploding U.S. housing market, a senior White House official said on Tuesday, as more signs of distress appear.

Early last month, President George W. Bush unveiled a plan to help some homeowners avoid foreclosures as some 1.8 million mortgages with low starter interest rates are due to reset to sharply higher rates this year.

Ed Gillespie, counselor to Bush, pointed to efforts by the U.S. Congress to overhaul the Federal Housing Administration program developed in 1934 amid the Great Depression and designed to make home ownership more affordable. Members of the House of Representatives and Senate have been trying to work out a compromise plan.

"There's more to be done we think on the housing front to address the concerns people have about the housing markets, including FHA reform and other reforms that the president has called for," Gillespie told reporters aboard Air Force One as Bush returned from a weeklong holiday at his Texas ranch.

"We think there's an opportunity for bipartisan consensus on that."

One idea that has been under consideration by the administration and Congress is allowing mortgage finance companies Fannie Mae and Freddie Mac to buy loans above the current ceiling of \$417,000, mortgages known as jumbo loans, he said.

While Gillespie declined to provide more specifics, his comments revealed that the administration is closely watching the housing market as fears grow that it could send the overall U.S. economy into a recession.

A report on Friday showed sales of new homes dropped 9 percent in November, to the lowest rate in more than 12 years, while another report on Monday showed the pace of existing home sales moved up slightly in November off a record low.

Gillespie also made it clear the administration would not bail out investors who made risky investments.

"You have to tread a fine line here of helping those who found themselves in a difficult situation and maybe didn't realize at the time the situation into which they were headed, and on the other hand removing any sense of moral hazard from the marketplace for those who are engaged in speculation," he said.

With growing talk of a possible recession, Gillespie said the White House was carefully eyeing the economic data and would not take off the table the idea of an economic stimulus package as recommended by some leading economists.

"We'll do what we think is appropriate to foster economic growth," Gillespie said.